

Message Text

LIMITED OFFICIAL USE

PAGE 01 ANKARA 04350 090809Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 L-03 H-01 PA-01 /109 W
-----000271 100632Z/15

R 090652Z JUN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 2249
AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY PARIS
USMISSION GENEVA
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMCONSUL ADANA

LIMITED OFFICIAL USE ANKARA 4350

USEEC

USOECD

GENEVA ALSO FOR USMTN

E.O. 11652 N/A
TAGS: EFIN, TU
SUBJ: REORDERING OF TURKISH FINANCIAL AFFAIRS: STATUS REPORT
REF: (A) ISTANBUL 0910, (B) ANKARA 2576, (C) ANKARA 3053

1. TURKEY CONTINUES TO MAKE PROGRESS SLOWLY IN ORDERING ITS FINANCIAL AFFAIRS WITH AMERICAN BANKS AND COMPANIES PROMINENTLY PARTICIPATING IN THE EFFORT. IN SEPARATE CONVERSATIONS JUNE 7
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ANKARA 04350 090809Z

WITH CENTRAL BANK OFFICIALS AND WITH DICK GEORGE, CITICORP REPRESENTATIVE IN ISTANBUL, EMBASSY OBTAINED SOME FURTHER INFORMATION ON A VARIETY OF TURKISH FINANCIAL MATTERS: GOT EFFORTS TO IDENTIFY NON-GOVERNMENT-GUARANTEED COMMERCIAL ARREARS, STATUS OF TURKISH NEGOTIATIONS WITH PRIVATE FOREIGN BANKS ON RESCHEDULING, PROGRESS IN RAISING NEW CREDITS FROM THESE BANKS, TURKISH EFFORTS TO OBTAIN A FURTHER CREDIT FROM THE BANK FOR INTERNATIONAL

SETTLEMENTS (BIS), AND THE IMMINENT CONCLUSION OF A \$100 MILLION "CONSTRUCTIVE REMITTANCE" SCHEME TO REFINANCE COMMERCIAL ARREARS DUE TO CERTAIN MULTINATIONALS IN TURKEY.

2. IDENTIFICATION OF COMMERCIAL ARREARS NOT GUARANTEED BY GOVERNMENTS. ACCORDING TO YAVUZ CANEVI OF CENTRAL BANK, BANK SENT OUT REQUEST THIS WEEK TO COMMERCIAL BANKS IN TURKEY TO OBTAIN FROM THEIR TURKISH IMPORTER-CLIENTS, WHO WOULD IN TURN PRESUMABLY HAVE TO QUERY THEIR FOREIGN SUPPLIERS, LIST OF COMMERCIAL DEBTS GUARANTEED BY GOVERNMENTS. CANEVI ACKNOWLEDGED THAT IT WOULD TAKE SOME TIME UNDER THIS PROCEDURE TO BUILD UP THE LIST.

3. STATUS OF TURKISH NEGOTIATIONS WITH PRIVATE BANKS ON RESCHEDULING AND NEW CREDITS. DICK GEORGE SAID THAT REPRESENTATIVES OF LEAD BANKS WILL BE IN ANKARA JUNE 12 TO MEET WITH FINANCE MINISTER MUEZZINOGLU AND PROBABLY TO AGREE ON PACKAGE TO INCLUDE AN UNDERTAKING BY THE BANKS TO RESCHEDULE APPROXIMATELY \$2.5 BILLION IN DEBTS OVER DUE OR SOON TO BE DUE TO THEM FROM TURKEY AND TO RAISE NEW CREDITS FOR TURKEY. IF PACKAGE IS APPROVED NEXT WEEK, LEAD BANKS, NOW 8 IN NUMBER, WILL EACH ASSUME TASK OF CONTACTING ABOUT 25 BANKS OWED BY TURKEY AND PERSUADING THEM TO AGREE TO RESCHEDULING. CANEVI REMARKED EARLIER IN THE DAY THAT IT WOULD NOT BE SERIOUS IF THE DEBT OF BANKS REFUSING TO GO ALONG WITH RESCHEDULING AMOUNTED TO NO MORE THAN \$10 MILLION OR SO. IF, HOWEVER, THIS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ANKARA 04350 090809Z

DEBT AMOUNTED TO \$50-100 MILLION, THE RESCHEDULING OPERATION WOULD OBVIOUSLY BE IN PERIL. CANEVI FELT THAT IT WOULD BE POSSIBLE TO MAKE SOME ARRANGEMENT ACCEPTABLE TO THE RESCHEDULERS TO SETTLE A SMALL SUM LIKE \$10 MILLION. HE REMARKED THAT IN HIS OWN MEETINGS WITH BANKERS HE HAD BEEN TAKING THE LINE THAT GOT COULD NOT GIVE BANKS REFUSING TO RESCHEDULE ANY INDICATION OF WHEN THEY WOULD BE PAID.

4. GOT HOPES THAT THE BANKS WILL BE ABLE TO RAISE \$500 MILLION IN NEW MONEY. SOME BANKERS THINK THIS AMOUNT IS DO-ABLE, GEORGE SAID, BUT OTHERS CONSIDER IT OPTIMISTIC. LEAD BANKS HAVE SO FAR TALKED ONLY TO A SMALL GROUP OF BANKS ABOUT A NEW CREDIT.

5. FURTHER CREDIT FROM BIS. TURKS EXPECT A DECISION JUNE 12 FROM BIS ON THEIR APPLICATION FOR A FURTHER CREDIT, GEORGE HAD LEARNED. HE DID NOT KNOW HOW MUCH THEY HAD ASKED FOR.

6. GEORGE INDICATED THAT A \$100 MILLION LOAN BY CITIBANK TO THE CENTRAL BANK WAS LIKELY TO BE SIGNED IN TWO WEEKS. DRAWDOWNS ON THIS AMOUNT WOULD PROBABLY START IN A MONTH. CITIBANK'S "CONSTRUCTIVE REMITTANCE" SCHEME, GEORGE SAID, WAS

OVERSUBSCRIBED AND IT WAS POSSIBLE THAT THERE MIGHT BE A FURTHER CREDIT OF THE SAME KIND EXTENDED BY CITIBANK AT A LATER DATE. THE LOAN WILL BE USED TO PAY COMMERCIAL ARREARS TO FIRMS IN TURKEY WHICH HAVE IMPORTED GOODS NEEDED IN THEIR OPERATIONS. THE LOAN WILL BE GUARANTEED BY THE COMPANIES AMONG WHICH THE FUNDS WILL BE DISTRIBUTED. FIRST CLAIM UPON THE MONEY WILL BE FOR REFINANCING ARREARS; WHATEVER MAY BE LEFT OVER WILL BE USED TO FINANCE THEIR NEW IMPORTS (REF A).

7. GEORGE SAID THAT POSSIBILITY OF AN IRAQI GUARANTEE OF A CITIBANK LOAN TO TURKISH CENTRAL BANK TO REFINANCE PETROLEUM ARREARS IS NOT ALTOGETHER DEAD. IRAQIS HAVE INDICATED TO TURKS IN GENERAL TERMS THAT THEY WOULD BE PLEASED TO TALK

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 ANKARA 04350 090809Z

ABOUT MANAGEMENT OF THE OIL ARREARS, BUT TURKS HAVE NOT RESPONDED ACTIVELY. GOT HAS ASSIGNED GULTEKIN YUKSEL, DEPUTY DIRECTOR GENERAL OF TURKISH PETROLEUM CORPORATION, TO WORK ON IRAQI DEAL (REFS B AND C). DILLON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROGRESS REPORTS, DEBT AGREEMENTS, CREDIT GUARANTEES, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 jun 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ANKARA04350
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780243-0058
Format: TEL
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780679/aaaacpnj.tel
Line Count: 140
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 61f4c58c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ISTANBUL 910, 78 ANKARA 2576, 78 ANKARA 3053
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2425337
Secure: OPEN
Status: NATIVE
Subject: REORDERING OF TURKISH FINANCIAL AFFAIRS: STATUS REPORT
TAGS: EFIN, TU, US
To: STATE BRUSSELS
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/61f4c58c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014